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RELEVERAGING U.S. POWER AMID SINO-RUSSIAN RAPPROCHEMENT

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Summary Points

- The U.S.-Russian bilateral relationship is at its lowest point in more than 20 years, and there are stark divisions among our European allies about how to deal with a resurgent Russia. China offers Moscow an important leverage point vis-à-vis the West.
- The relationship between Russia and China has taken on considerable weight as economic and political cooperation between the two countries has deepened. Growing irritations in U.S.-Russia and Europe-Russia relations have redounded to the benefit of the China-Russia relationship.
- Policymakers in Washington have been slow to recognize the meteoric rise of the Russian economy, and many were caught off guard by Russia's actions in the war with Georgia.
- Russia and China have powerful and intrinsic reasons to have a very constructive relationship, but they are competitors on some key issues including energy resources in Central Asia; to what extent the partnership deepens could be contingent to a considerable extent on the actions of the United States.

The incoming U.S. administration would be well advised to review some of the principles of triangular diplomacy as practiced by Henry Kissinger in the Nixon administration during the 1970s. This is not to suggest that we live in a tripolar world today; we did not then either. The core principle is that the most advantageous position in a strategic triangle if you are *A* is to have better relations with *B* and *C* than they have with each other. The United States should be in the best position to leverage its relations with Beijing and Moscow, yet the dramatic deterioration in the U.S.-Russian leg of the triangle erodes U.S. leverage and pushes China and Russia strategically closer together, with the net result that U.S. capacity to lead on global issues is likewise eroded. The problem is not so much China-Russia rapprochement, which faces significant constraints and challenges that we outline below, but rather the collapse of U.S.-Russian relations, which is objectively not in the interests of either Washington or Moscow. The remedy that we have the most control over is the reformulation and reprioritization of policy toward Russia that shows Moscow we can accommodate some of its interests without compromising vital U.S. interests.

Overview

Challenges and dangers in a rapidly changing international system were starkly illustrated in the summer and fall of 2008. The August war between Russia and Georgia revealed nearly 20 years

after the end of the Cold War the failure to date to reform the transatlantic European security system in a way that effectively integrates Russia. The U.S.-Russian bilateral relationship is at its lowest point in more than 20 years, and there are stark divisions among our European allies about how to deal with a resurgent Russia.

Now the financial crisis has exposed fundamental weaknesses of the global economy, causing many to question the legitimacy and effectiveness of the institutions the West has set as the standard. Russia in particular has taken the opportunity provided by the crisis to call for a fundamental reevaluation of international political and financial institutions, reorienting them away from a Western-centric model toward a model that better reflects the true balance of power, both political and economic. When China's premier, Wen Xiabao, was in Moscow in October 2008, President Dmitry A. Medvedev proposed encouraging alternative reserve currencies, including the yuan and later the ruble.

In many ways, Moscow's attitude toward China reflects Russia's sense of identity and its view of its own place in the world as a uniquely Eurasian power. Occupying the massive geographical space between Europe and Asia, Russia has often in its history experienced a split identity—between, on one hand, the Asiatic legacy of the Mongol period that began in the thirteenth century and, on the other, Westernizing reforms attempted intermittently by Russian leaders from Peter the Great to Catherine the Great to Alexander II to Mikhail Gorbachev and Boris Yeltsin. Despite this ambivalence, Russian policy toward China during the past 15 years under Presidents Boris Yeltsin, Vladimir Putin, and now Dmitry Medvedev has been driven mainly by pragmatic considerations, resulting in a gradual rapprochement and thickening of the relationship. The “strategic partnership” established in 1996 by President Yeltsin and President Jiang Zemin, which appeared long on rhetoric and short on substance when Putin assumed power in 2000, has taken on considerable weight as economic and political cooperation between Russia and China has deepened. Moscow may not wish to establish an alliance with Beijing, but growing irritations in U.S.-Russia and Europe-Russia relations have redounded to the benefit of the China-Russia relationship.

If there is one consistent thread running through Russian attitudes toward China from the Yeltsin era to the present, it is that China offers an important leverage point vis-à-vis the West. As President Yeltsin summarized in 1995:

China is a very important state for us. It is a neighbor, with which we share the longest border in the world and with which we are destined to live and work side by side forever. Russia's future depends on the success of cooperation with China. Relations with China are extremely important to us from the global politics perspective as well. We can rest on the Chinese shoulder in our relations with the West. In that case the West will treat Russia more respectfully.¹

Shortly after assuming the presidency in 2000, Vladimir Putin echoed Yeltsin's line of reasoning during his first tour of Asia, when he said, “Russia is both a European and an Asiatic state. It is like a bird and can only fly well if it uses both wings.”

More broadly speaking, Russian perspectives on China and international relations tend toward traditional realpolitik considerations of the dynamics between rising and falling great powers. In this framework, Russian views of China have depended on the status of U.S.-Russian relations and Moscow's ties with the West. In the 1990s—when Russia was unhappy about U.S. support

1. Boris Yeltsin, quoted in Alexander Lukin, *The Bear Watches the Dragon* (Armonk, N.Y.: M.E. Sharpe, 2003), p. 305.

for NATO expansion, the war in Kosovo, and the development of national missile defense—the Yeltsin administration gravitated closer to Beijing. More recently, U.S. support for democracy promotion as well as increased U.S. influence in the post-Soviet states also drove the Putin administration to seek closer ties with China. Like Yeltsin before him, Putin repeatedly invoked an improvement in ties with China as an alternative to a more pro-Western foreign policy if Washington did not pay greater attention to Moscow’s interests.

So far Dmitry Medvedev appears to be following his predecessor’s lead in foreign policy, so when he chose Kazakhstan and China for his first foreign visit as newly elected Russian president in May 2008, the signal was lost on no one. The culmination of Medvedev’s meeting with China’s president, Hu Jintao, in May of 2008 was the signing of a Sino-Russian joint declaration on foreign affairs, which claimed that Russia and China share nearly the same views on almost all major international issues, such as missile defense, opposition to expanding military alliances, a rejection of the militarization of outer space, and support for China’s position vis-à-vis Tibet and Taiwan. The two presidents also reaffirmed cooperation over bilateral energy projects and signed several important economic and trade agreements. President Medvedev was careful to make clear that strategic cooperation with China will continue, even if other countries do not like it. All of these points are standard fare for Sino-Russian joint statements going back to the 1990s.

Trends in the China-Russia Relationship

The rhetoric from Moscow and Beijing seems to indicate that things have never been better, and certainly the economic data support this claim. Trade between the two countries has grown exponentially, reaching \$40 billion in 2007—a jump of more than 40 percent from the previous year.² And at the May meeting with Hu Jintao, Medvedev predicted that by 2010 that number would be \$60 billion. At the same time, however, these successes contain their own element of controversy. For instance, the arms industry, a long-standing cornerstone of Sino-Russian economic cooperation, has become an unexpected point of contention. After years of importing Russian military technology, the Chinese have succeeded in replicating not only Russian automatic rifles and rocket launchers, but even SU-27S fighters. Now that it can produce its own equipment, China has not only been reducing imports of Russian military technology (by as much as 60 percent, according to some analysts), it has also been exporting its own versions to formerly Russian clients such as Pakistan, Angola, Ethiopia, and Syria. So far the patent issue has not threatened to derail the substantial economic cooperation between Russia and China over military technology or other areas.

Russia-China Economic Relationship

More broadly speaking, there is a question of how much its trade with China will benefit Russia, at least in the terms of development goals defined by Moscow. According to the “Concept of Long-term Socio-economic Development to 2020,” Russia should reduce its overreliance on exporting primarily raw materials and encourage more innovation-based development to diversify the economy. However, the composition of Russian exports to China is increasingly weighted toward raw materials, such as crude oil and timber, especially as military technology exports fall. Growing economic ties with China do little to promote diversification; the direction is, in fact, just the opposite. One clear implication of the 2020 plan is that the West, firstly Europe but also the United

2. “Chinese Exports to Russia Expected to Increase,” *China Daily*, March 3, 2008.

States and Japan, will likely play a much greater role in both promoting Russian economic growth as well as modernizing its economy.

Another facet of the economic relationship with the potential for both success and discord has been the development of the Russian oil and gas sector. China, the fastest-growing petroleum consumer in the world, has viewed Russia as an important alternative source of oil—and to a lesser extent gas—for the past decade or so. Russia, in turn, has found the Chinese market to be a useful specter with which to frighten Western governments already nervous about tightening supplies. Until very recently, the Chinese have been mostly frustrated by the slow development of the Sino-Russian energy relationship, and they are competitors for Central Asian resources (notably in Turkmenistan, but also in Kazakhstan).

Yet, aside from money and growing demand, Chinese companies have little to offer in the development of Russian greenfields in eastern Siberia and the High North. This development will entail some of the largest capital expenditures and greatest technical challenges ever undertaken. Western companies have useful management experience and technical expertise. To the extent foreign companies are allowed to participate in the development of the Russian hydrocarbon sector, Western businesses should have a significant advantage over Chinese firms unless Russia's political relations with the West deteriorate further or the legal and business environment becomes more corrupt. Despite these advantages, however, the United States should keep in mind that during troughs in Russia's relations with the West the Chinese have come to the financial aid of Russian oil giant Rosneft twice in the past four years: first in December 2004 when China National Petroleum Corporation (CNPC) lent Rosneft \$6 billion to finance the purchase of former prime Yukos asset, Yuganskneftgaz, and again in February of 2009 when CNPC completed a \$25 billion loan package to the deeply indebted and leveraged Russian oil major (\$15 billion to Rosneft) and the similarly leveraged pipeline monopoly Transneft (\$10 billion).³

Russia-China Ideological Affinities

Economic ties between Russia and China have undeniably played a major role in strengthening cooperation between the two, but there is an increasing ideological element to Sino-Russian relations. In spite of vastly different historical and cultural backgrounds, there are striking similarities between the maturing ideological foundations that underpin the two countries' respective outlooks on the world and their global roles. The Putin administration began promoting an emerging ideology, often described by Russians as “sovereign democracy,” which seeks to define the 1990s as a contemporary equivalent to the Time of Troubles—the years of turmoil that preceded the establishment of the Romanov dynasty in 1613, when the country was in chaos and foreign powers and organizations exerted considerable authority. According to this narrative, Vladimir Putin, when he was president of Russia, restored stability and set Russia on the road to recovery, and he did so not by abandoning democratic values and institutions but by adapting them to Russian values and traditions. Foreign Minister Sergei Lavrov described the foreign policy analogue to sovereign democracy in a January 2007 speech:

3. “China Offers \$25 Billion Oil Loan,” *Moscow Times*, February 18, 2009. Although we do not know final details of this deal at the time of writing, it appears that the Chinese drove a very hard bargain. The deal had been negotiated going back to early in the fall of 2008, and there were a number of Russian reports complaining about onerous terms demanded by the Chinese.

The fundamental principles of Russia's foreign policy—pragmatism, multiple vectors, and consistent but non-confrontational protection of national interests—have gained broad international recognition. . . . Many countries have come to realize that a new, safer, fair, and democratic world order, whose foundations we are laying together, can only be multipolar, based on international law, and regulated by the UN's unique legitimacy and central role.⁴

To be sure, this kind of rhetoric is hardly new. One can easily imagine a variant of it coming from the mouth of Evgeny Primakov when he was foreign minister in the 1990s or Andrei Gromyko when he held the same position for more than a quarter century under the Soviet government. But Lavrov's rhetoric also has much in common with Chinese ideological formulations. The rhetorical and operational foundations for Chinese foreign policy have been described, tellingly, as the Beijing Consensus. As described by Joshua Cooper Ramo, the Beijing Consensus is principally a socioeconomic development model that the Chinese have successfully implemented, a model that differs considerably from the so-called Washington Consensus as promoted by the U.S. government and multilateral organizations like the International Monetary Fund and the World Bank.⁵

The Beijing Consensus has significant implications for foreign policy and international relations that resonate with the Kremlin's sovereign democracy. First, there is not just one correct path to development. A country must experiment to find the path best suited to its culture and traditions, and no other country or organization should seek to impose external models. Most Russians today view the advice of Western advisers and multilateral organizations as having failed and exacerbated Russia's socioeconomic problems. The typical Chinese interpretation of Russian development during the past 15 years suggests that Moscow took the wrong path in the 1990s but that the Putin administration has learned from the Chinese reform experience and has begun to correct mistakes that devolved too much power away from the state.

The other commonality between Moscow's and Beijing's views of the world concerns the ongoing shift in the global power balance from the unipolar moment of the 1990s to a genuinely multipolar world. Rhetoric supporting such a change is not new, but today there is evidence to support the conclusion that the global balance of power is indeed shifting—and the Russians consider themselves among the emerging powers. For several years now the financial and investment community has used the term BRICs to describe four large emerging economic world powers: Brazil, Russia, India, and China. Putin himself, in a speech in Munich in February of 2007, alluded to the emergence of the BRICs as a powerful stimulus toward the reordering of the world:

The combined GDP, measured in purchasing power parity, of countries such as India and China is already greater than that of the United States. Similarly calculated, the GDP of the BRIC countries—Brazil, Russia, India and China—surpasses the cumulative GDP of the EU. And according to experts this gap will only increase in the future. There is no reason to doubt that the economic potential of the new centers of global economic growth will inevitably be converted into political influence and will strengthen multipolarity.

What began as a lot of talk about supporting a "multipolar world" has since taken on greater substance, and Russia and China have cooperated on the international scene on an increasing

4. Sergei Lavrov, Minister of Foreign Affairs of Russia (speech at Moscow State Institute of International Relations, January 29, 2007).

5. See Joshua Cooper Ramo, *The Beijing Consensus* (London: Foreign Policy Center, 2004).

Russia and the Shanghai Cooperation Organization

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Russian attitudes toward the Shanghai Cooperation Organization—an intergovernmental group comprising Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan—reflect the broader ambivalence with which Moscow views Beijing.

The mainstream Russian view is that the SCO is essentially a Chinese project. Russia would prefer that a group like the Collective Security Treaty Organization, where Russia is the clear hegemonic leader and from which China is excluded, act as the main multilateral organization with security responsibilities in Central Asia. Even so, the Russian leadership is pragmatic and understands that Chinese influence in Central Asia, in the realms of both economics and security, is a natural outgrowth of geography and expanding Chinese power. Moscow figures it benefits if Chinese regional engagement is undertaken through an organizational format that includes Russia, and the SCO serves this purpose.

The conflict between Russia and Georgia in 2008 demonstrated the limits to Moscow's clout within the SCO. Though the August 28, 2008, summit marked the beginning of Russia's SCO chairmanship, it produced almost none of the results Moscow had hoped for, in particular over the recognition of South Ossetia and Abkhazia. Given that several SCO members, China included, have separatist concerns of their own, they were apparently reluctant to support the independence of the two breakaway regions. The Dushanbe Declaration offered support for Russia's role in settling the conflict, but it contained no explicit condemnation of Georgia's action; instead, it affirmed the need to preserve territorial integrity and respect the guidelines of international law.

Foreign Minister Sergei Lavrov attempted to minimize this diplomatic failure on Russia's part by claiming that Moscow did not in fact expect full cooperation on the part of SCO allies. And, although there was no doubt serious disappointment over this, the Georgia conflict does not appear to have strained Russia's relations with the China to nearly the same degree as with the West.

Putin's straightforward comment in 2005 that the "SCO has gone far beyond the framework of the task originally set for it" might prove ironic, however, if the SCO continues to show independence from Russia's policies.

number of issues. One example is in the United Nations Security Council, where the Chinese have consistently followed Russia's lead: over sanctions on Iran, Burma, and most recently Zimbabwe and on the importance of the territorial integrity of Serbia when negotiating the status of Kosovo.

An even more serious example of Sino-Russian coordination is the decision in 2005 by the Shanghai Cooperation Organization (SCO)—the intergovernmental group consisting of Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan—to request clarification from the United States about its plans for withdrawing from military bases established in Central Asia after September 11, 2001. The gathering of the SCO's foreign ministers in Moscow in 2005 also included representatives of states that had recently acquired observer status—India, Iran, Mongolia, and Pakistan. In his opening remarks, Putin crowed about the fact that three billion people, virtually half the planet, were represented at the gathering. Putin noted that the "SCO has gone far beyond the framework of the task originally set for it."

What's at Stake

The crux of what is at stake in the China-Russia relationship is no less than the future of the global order. While U.S. power, influence, and reputation may have diminished, the United States remains by far and away the global leader, and virtually any major global economic or security challenge will be insoluble if Washington, Beijing, and Moscow are not on the same page with a number of other key leading countries. The nub of the problem is that U.S. relations with Russia have been steadily deteriorating for years, thus giving Beijing more leverage with Moscow than probably either U.S. or Russian interests would prefer. For a variety of economic and security reasons, Russia should find its interests more closely tied with those of the West than with China or anybody else, but current realities seem to belie this.

Policymakers in Washington have been slow to recognize the meteoric rise of the Russian economy, and many were caught off guard by Russia's actions in the war with Georgia. Washington's perspective on Russia since the collapse of the Soviet Union too often has been colored either by enduring perceptions of Russian weaknesses with the policy response to not take it seriously or, more recently, the tendency to regard Russia's resurgence in the malign terms of a revanchist neo-imperial power. Both extreme views are neither accurate nor helpful in crafting policy toward Russia, a country that admittedly is a very difficult partner that seems to revel in being a "strategic loner."

Indeed, the magnitude and the rapidity of Russia's revival were as unexpected as they have been impressive. According to the Moscow-based investment bank, Troika Dialog, between 1999 and 2007 Russia's nominal GDP grew nearly more than six times—from less than \$200 billion to about \$1.6 trillion in 2008. Russia's foreign exchange reserves during this period grew 30 times, from about \$20 billion when Putin became president to nearly \$600 billion in August 2008. Meanwhile, average wages increased fourfold. With economic numbers like this, it is not a big surprise that Putin enjoyed popularity ratings above 70 percent. On whatever issue we look at—Iran, the Middle East peace process, gas and oil supplies to Europe and Asia, foreign investment in the energy sector—Russia is asserting its interests far more confidently than it did 10 years ago, or even 5 years ago. It is Russia's changing fortunes, along with U.S. foreign policy, that have had the most significant influence on Russia's perception of and policy toward China.

But the dramatic and ongoing massive impact of the global economic crisis on the Russian economy has revealed the weak foundations on which this growth was based. In July 2008 when the oil price reached its peak of \$147 per barrel, Russian leaders crowed about Russia's status as an "island of stability" and a "safe haven" as the impact of the financial crisis deepened around the world. But the collapse of the oil price in the fall of 2008 to about \$40 per barrel has brought Russia's economic resurgence to a stunning halt, which has no doubt shocked Kremlin leaders.⁶ After a decade of robust growth, budget surpluses, and ruble appreciation, Russia is looking at possibly deep contraction in 2009 and massive budget deficits, and the ruble has already fallen to levels not seen since before the economic crisis in 1998. The impact of the crisis is resetting global power relationships, and it appears at this point that Chinese leverage over Russia may have increased significantly as large Russian companies struggle to meet their huge debt obligations.

6. See Samuel Charap and Andrew C. Kuchins, *Economic Whiplash in Russia: An Opportunity to Bolster U.S.-Russia Commercial Ties?* (Washington D.C.: CSIS, February 2009).

The gradual but steady Sino-Russian rapprochement has taken place against a background of souring U.S.-Russian relations. After the terrorist attacks against the United States on September 11, 2001, Putin decided to align Russia with the U.S.-led war in Afghanistan, agreeing to allow U.S. military bases in Central Asia. He also seemed to accept quietly both a second round of NATO expansion and the U.S. withdrawal from the Anti-Ballistic Missile (ABM) Treaty. This approach caused a great deal of concern in Chinese foreign policy and security policy circles in 2001 and 2002, with many worrying that Putin was fundamentally altering Russia's balanced foreign policy in order to embrace Washington instead.

In May 2002, this second honeymoon of U.S.-Russia relations reached its apex when President George W. Bush traveled to Moscow, where he signed the Strategic Offensive Reductions Treaty that places limits on operationally deployed nuclear warheads. The United States also awarded Russia "market-economy" status, improving bilateral trade relations and bringing Moscow a step closer to membership in the World Trade Organization. However, like the first U.S.-Russian honeymoon in 1992, the post-9/11 embrace would prove short-lived. Putin had made a bold decision to support the United States unequivocally in Afghanistan, going against the recommendations of the majority of the Russian foreign policy elite; but he and his colleagues in the Kremlin quickly came to believe that his decision went underappreciated and virtually unrewarded by the Bush administration. Moscow's public protests over the U.S. decision to withdraw from the ABM Treaty, as well as to support further NATO expansion, may have been muted at the time. But Washington's actions in the fall of 2001, coming so soon after Putin had extended support to his "friend George," left the Russians disappointed and feeling that they were receiving very little in return for their support.

As 2002 wore on, it became increasingly evident that the Bush administration would take military action against Iraq in defiance of Putin and much of the international community, including China. Although Putin disagreed with the U.S. administration's decision to invade Iraq, both Washington and Moscow sought to prevent a major falling-out in the U.S.-Russian relationship. However, alarm in the West about rising authoritarianism in Russia and about Russia's growing influence on its periphery increased with Ukraine's Orange Revolution at the end of 2004. The causes of the Orange Revolution—following the Rose Revolution in Georgia, which brought pro-Western Mikheil Saakashvili to power; and preceding the Tulip Revolution in Kyrgyzstan, which toppled the Askar Akayev regime—were seen differently in Moscow and Washington. The Russian explanation for the "color" revolutions tended to emphasize the role of nongovernment organizations and politicians supported by the United States and other Western countries. The United States and its European allies argued that the upheavals came about primarily because of falsified elections and the public's dissatisfaction with corrupt governments and officials.

The positions of Washington and Moscow on these events became increasingly polarized as officials and opinion leaders in Washington argued that Putin's authoritarian inclinations led him to support dictatorship over democracy in countries on Russia's periphery. The quasi-official Russian view held that the United States was interfering in countries that Moscow considered part of its sphere of influence. The U.S. position was seen as hypocritical because Washington, in Moscow's view, cared only about regime changes that would bring in pro-U.S. governments like those of Saakashvili in Georgia and Viktor Yushchenko in Ukraine—not about real democracy.

Dmitry Medvedev's arrival to the Russian presidency led many to hope that the anti-Western sentiment that had grown so virulent under the Putin regime would begin to dissipate. Certainly Medvedev has invoked the language of cooperation with the West, as well as Russia's need for

improvements in fighting corruption and establishing the rule of law. In the foreign policy sphere, however, he has taken the Putin line, especially on such points as the recently enunciated Russian right to “privileged relations with its neighbors.” The events of August 2008 accelerated the downward spiral of U.S.-Russia relations—to the point where the possibility of an armed conflict between Russia and the United States did not seem nearly as unthinkable as it should. Since then, however, the continuing international financial turbulence has both taken the world’s focus off of the Russia-Georgia war and reinforced the need for Russia’s cooperation with the West. While it is probably wishful thinking to expect a dramatic improvement in U.S.-Russian relations any time soon, the economic challenges both countries face at least allow for the possibility that each will set hubris aside and work toward finding more constructive solutions to the problems in the relationship. To what extent the incoming administration of Barack Obama is prepared to change its policy toward Russia is unclear, but Moscow is cautiously optimistic. At the Munich security conference in February 2009, Vice President Joe Biden spoke of “pressing the reset button” in U.S.-Russian relations.⁷ This is the right inclination, but we should not underestimate how difficult this will be given all of the toxic waste under the bridge.

Although the global balance of power may be shifting and the future of Russian-Western relations uncertain, Russian elites remain at best ambivalent about the emerging Chinese superpower. The official line from the Russian president and members of his administration tends to accentuate the positive—and it is probably true that China-Russia relations today are better than ever. But the history of China-Russia relations does not set the highest of bars, so to speak. In the 1990s, Russia engaged in lively debates about China, centering on whether it was a potential friend or foe and the advisability of selling arms and technology to Beijing. These kinds of debates, whether undertaken from ideological or regional perspectives, have largely disappeared. But this does not tell us much because public debate about even the most important domestic and foreign policy issues has been muted since the Putin years.

Russian public opinion about China tends to be quite positive, but this is probably for the most part a reflection of the fact that most Russians get their information from national television. Essentially controlled by the Kremlin, it promotes the sunny outlook on China touted by Putin and company. Research conducted by the VTsIOM public opinion research center in April 2007 noted that, although 63 percent of Russians view China as either a strategic partner or ally, 62 percent see the involvement of Chinese companies and workers in the development of mineral resources in Siberia and the Russian Far East as dangerous for Russia.⁸ These results at first appear to signify cognitive dissonance. In reality, they probably reflect Russia’s strategic view of China as a partner with whom to contain the United States combined with a sense of economic and demographic vulnerability experienced in the Russian regions bordering China.

The Russia-Georgia war provided an interesting test of the level to which China was willing to support Russia on the international stage. The disagreement over whether to recognize South Ossetia and Abkhazia demonstrated that, while China may value its relations with Russia, it prefers to balance the relationship with Moscow against many other interests, including both internal

7. For a detailed set of recommendations on how to improve U.S.-Russian relations, see Anders Åslund and Andrew C. Kuchins, “Pressing the Reset Button in U.S.-Russia Relations,” Policy Brief (Washington, D.C.: Peterson Institute for International Economics, February 2009).

8. “Rossiane khotiat družit’siia s Kitaem, no na rasstoianii,” Vserossiiskii Tsent Izucheniia Obshestvennogo Mneniia press release no. 674, April 16, 2007. http://wciom.ru/arkhiv/tematicheskii-arkhiv/item/single/4397.html?no_cache=1&cHash=b2dfbfaa46.

concerns and its trade with the United States. The real test, however, will come in the long run. As Fyodor Lukyanov points out, while Russia and China may share a similar outlook on international affairs, their approaches to foreign policy are fundamentally different. Russia, especially in recent years, is known for an aggressive and sometimes even clumsily heavy-handed policy. China on the other hand tends to be exceptionally cautious in international dealings, preferring to exercise a quieter soft-power approach.⁹ Washington should realize that while China will be reluctant to fully align with Russia, Beijing will be more than happy to take advantage of economic and security benefits of a deep fall-out in U.S.-Russia relations.

What will happen in the strategic relationship, from the SCO to cooperation in the UN to arms sales, is harder to predict. The recent finalization of the China-Russia border agreement that included the transfer of disputed land from Russia to China marks a historic achievement that Putin considers to be one of his most significant. With their long border and complicated history, Russia and China have powerful and intrinsic reasons to have a very constructive relationship. To what extent the partnership deepens, however, may be contingent to a considerable extent on the actions of the United States. If, for example, the United States were to undertake military action against Iran that was not sanctioned by the United Nations, this would undoubtedly push Russia and China closer together strategically. A U.S.-China military conflict over Taiwan would place Russia in an awkward position, but most likely Moscow would choose not to take sides. If the Europeans or the Americans removed their boycott on arms sales to China, this would over time undercut Russian companies' dominant position as a supplier. A more aggressive U.S. posture in the name of democracy promotion and human rights, if it confronted Russian interests in the post-Soviet space, would also likely push Russia and China closer together.

The Georgia conflict in the summer of 2008 strained Russia's relations with the West nearly to the breaking, but rather than finding the backing it hoped for from China and others, Russia found itself relatively alone. The dramatic impact of the global financial crisis on the Russian economy has deeply eroded Moscow's newly developed economic hubris, and the Kremlin will likely find it necessary to refocus on the structural economic reform agenda. Given the importance of trade, investment, and other economic interaction with the West, there are also signs after the war with Georgia that Moscow seeks to repair relations with Europe and the United States.

Recommendations

- Focus more on resolving the security situation in Afghanistan as the primary front on the war on terrorism and reengage the Russians and the Chinese, who have strong interests for regional stability. Be willing to engage both the Collective Security Treaty Organization and the Shanghai Cooperation Organization in both a bilateral format as well as multilateral manner with NATO to address security in Afghanistan and the region.
- Engage the Russians with our European allies to revisit the foundations and core institutions of the transatlantic European security framework. The Georgia war made tragically obvious that the United States has simply not adequately solved this challenge a generation after the Cold War's conclusion. The best tool we have to leverage geopolitically any danger of a Beijing-Mos-

9. Fyodor Lukyanov, "Russia Sandwiched between China and Western World," *Novoe Vremia*, June 11, 2008.

cow entente is to anchor Russia more deeply into Europe. Such geopolitical anchoring is also probably the best leverage we have to promote the evolution of effective market democratic institutions in Russia. President Medvedev has proposed talks along these lines, the Russians are unsure of the ultimate goal, and the United States has little to lose by engaging Moscow in this regard.

- Revive bilateral strategic offensive arms reductions discussions and extend Strategic Arms Reduction Treaty I verification means to jump-start the nuclear security and nonproliferation agenda. These negotiations and discussions should address strategic stability more broadly including, as recommended below, cooperation on missile defenses. Have a vision of engaging the Chinese and other nuclear powers in further cuts, maintaining global strategic stability and revitalizing the nonproliferation regime after the United States agrees with Moscow about a first round of deeper cuts beyond the 2002 Strategic Offensive Reductions Treaty.
- Reengage the Russians about missile defense cooperation in Europe from shared early-warning cooperation to joint management of theater missile defenses designed to address threats from the greater Middle East. Start with a joint threat assessment that is broader than but includes Iran. Not only will Russia be reassured about U.S. strategic intentions, but Beijing's high sensitivity to U.S.-Russian cooperation will enhance Washington's strategic leverage.
- Promote more aggressively deeper economic interdependence with Russia. This starts with repealing the Jackson-Vanik Amendment to speed Russia's accession to the World Trade Organization. Encourage Russian companies and capital to enter U.S. markets. Revive the energy partnership with Moscow.
- Expand U.S. cooperation with China and Russia on development of green, energy-efficient technologies as a wedge into promoting climate change cooperation. The United States has the largest carbon footprint, China is the fastest-growing user of energy, and Russia is the world's most inefficient user of energy.